

**STATE OF LOUISIANA
RED RIVER LEVEE AND DRAINAGE DISTRICT
FINANCIAL STATEMENTS
FOR THE YEAR ENDED
JUNE 30, 2007**

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the entity and other appropriate public officials. The report is available for public inspection at the Baton Rouge office of the Legislative Auditor and, where appropriate, at the office of the parish clerk of court.

Release Date 9/12/07

STATE OF LOUISIANA
RED RIVER LEVEE AND DRAINAGE DISTRICT
TABLE OF CONTENTS
JUNE 30, 2007

	<u>Exhibit</u>	<u>Schedule</u>	<u>Page</u>
Accountants' Compilation Report	-	-	1
Statement of Net Assets	A	-	2
Statement of Revenues, Expenditures, and Changes in Fund Net Assets	B	-	3
Statement of Activities	C	-	4
Statement of Cash Flows	D	-	5
Notes to the Financial Statements	-	-	6
Supplementary Information	-	-	12
Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds - Budget (GAAP Basis) and Actual	-	1	13
Schedule of Per Diem Paid to Board Members	-	2	14
Schedule of Long-term Debt	-	3	15
Schedule of Long-term Debt Amortization	-	4	16
Schedule of Cooperative Endeavors	-	5	17

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Board of Commissioners
Red River Levee and Drainage District
Coushatta, Louisiana

We have compiled the accompanying basic financial statements of the Red River Levee and Drainage District, Coushatta, Louisiana, a component unit of the State of Louisiana, as of and for the year ended June 30, 2007, as listed in the table of contents, in accordance with Statements on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants.

A compilation is limited to presenting in the form of financial statements information that is the representation of management. We have not audited or reviewed the accompanying basic financial statements and, accordingly, do not express an opinion or any other form of assurance on them.

The accompanying supplemental schedules listed in the table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information has been compiled from information that is the representation of management, without audit or review. Accordingly, we do not express an opinion or any other form of assurance on the supplementary information.

We are not independent with respect to the Red River Levee and Drainage District.

Hines, Jackson & Hines

Natchitoches, Louisiana
August 9, 2007

EXHIBIT A

STATE OF LOUISIANA
RED RIVER LEVEE AND DRAINAGE DISTRICT
STATEMENT OF NET ASSETS
JUNE 30, 2007

ASSETS	
Current Assets	
Cash	\$ 62,876
Accounts receivable	1,035
Prepaid expense	<u>200</u>
Total Current Assets	64,111
Noncurrent Assets	
Capital assets, net	<u>0</u>
Total Assets	<u>\$ 64,111</u>
 LIABILITIES AND NET ASSETS	
LIABILITIES	
Current Liabilities	
Accounts payable and accruals	\$ <u>8,389</u>
Total Current Liabilities	8,389
Noncurrent Liabilities	
Compensated absences payable	<u>0</u>
Total Liabilities	8,389
 NET ASSETS	
Investment in capital assets, net of related debt	0
Unrestricted	<u>55,722</u>
Total Net Assets	<u>55,722</u>
Total Liabilities and Net Assets	<u>\$ 64,111</u>

See accompanying notes and accountants' report.

EXHIBIT B

STATE OF LOUISIANA
RED RIVER LEVEE AND DRAINAGE DISTRICT
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND NET ASSETS
FOR THE YEAR ENDED JUNE 30, 2007

OPERATING REVENUES	
Operating grants and contributions	\$ 8,674
Total Operating Revenues	8,674
OPERATING EXPENDITURES	
Personal services	10,334
Travel	0
Operating services	39,820
Supplies	0
Professional services	4,040
Depreciation	0
Total Operating Expenditures	54,194
Operating Income/(Loss)	(45,520)
NONOPERATING REVENUES/(EXPENSES)	
Taxes	41,214
State revenue sharing	2,807
Interest income	54
Miscellaneous	0
Total Nonoperating Revenues/(Expenses)	44,075
Change in Net Assets	(1,445)
Total Net Assets, Beginning of year	57,167
Total Net Assets, End of year	\$ 55,722

See accompanying notes and accountants' report.

EXHIBIT C

STATE OF LOUISIANA
RED RIVER LEVEE AND DRAINAGE DISTRICT
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2007

	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Revenue and Changes in Net Assets
Red River Levee and Drainage District	\$ 54,194	\$ 0	\$ 8,674	\$ 0	\$ (45,520)
General Revenues:					
Taxes					41,214
State revenue sharing					2,807
Interest income					54
Miscellaneous					0
Total General Revenues					<u>44,075</u>
Change in Net Assets					(1,445)
Net Assets, Beginning of year					<u>57,167</u>
Net Assets, End of year					<u>\$ 55,722</u>

See accompanying notes and accountants' report.

EXHIBIT D

STATE OF LOUISIANA
RED RIVER LEVEE AND DRAINAGE DISTRICT
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2007

Cash Flows From Operating Activities	
Cash payments to suppliers for goods and services	\$ (43,965)
Cash payments to employees and board members for services	(10,334)
Other operating revenues/(expenses)	<u>8,674</u>
Net Cash From Operating Activities	(45,625)
 Cash Flows From Non-Capital Financing Activities	
Cash receipts of taxes	41,214
State revenue sharing	3,300
Miscellaneous revenues	<u>0</u>
Net Cash From Non-Capital Financing Activities	44,514
 Cash Flows From Investing Activities	
Interest income	<u>54</u>
Cash Flows From Investing Activities	<u>54</u>
 Net Increase/(Decrease) in Cash	(1,057)
 Cash, Beginning of year	<u>63,933</u>
 Cash, End of year	<u>\$ 62,876</u>
 Reconciliation of Operating Loss to Net Cash From Operating Activities	
Operating income/(loss)	\$ (45,520)
Adjustments to reconcile operating loss to net cash from operating activities	
Depreciation expense	0
(Increase)/decrease in operating assets	
Accounts receivable	0
Prepaid expenses	0
Increase/(decrease) in operating liabilities	
Accounts payable and accruals	<u>(105)</u>
Net Cash Flows From Operating Activities	<u>\$ (45,625)</u>

See accompanying notes and accountants' report.

STATE OF LOUISIANA
RED RIVER LEVEE AND DRAINAGE DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2007

The Red River Levee and Drainage District was created by the Louisiana State Legislature under the provisions of Louisiana Revised Statute 38:291. The Levee District includes all or portion of Red River and Desoto Parishes. The Levee District primarily provides flood protection for those areas contained in the District. The Board of Commissioners administers the operations and responsibilities of the Levee District in accordance with the provisions of Louisiana statute. The members of the Board of Commissioners which governs the District are appointed by the governor of the State of Louisiana.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Basis of Accounting

In April of 1984, the Financial Accounting Foundation established the Governmental Accounting Standards Board (GASB) to promulgate generally accepted accounting principles and reporting standards with respect to activities and transactions of state and local governmental entities. The GASB has issued a Codification of Governmental Accounting and Financial Reporting Standards (GASB Codification). This Codification and subsequent GASB pronouncements are recognized as generally accepted accounting principles for state and local governments. The accompanying financial statements have been prepared in accordance with such principles.

The accompanying financial statements of the Red River Levee and Drainage District present information only as to the transactions of the programs of the Red River Levee and Drainage District as authorized by Louisiana statutes and administrative regulations.

Basis of accounting refers to when revenues and expenses are recognized and reported in the financial statements. Basis of accounting relates to the timing of the measurements made, regardless of the measurement focus applied.

The accounts of the Red River Levee and Drainage District are maintained in accordance with applicable statutory provisions and the regulations of the Division of Administration-Office of Statewide Reporting and Accounting Policy as Follows:

Revenue Recognition

Revenues are recognized using the full accrual basis of accounting; therefore, revenues are recognized in the accounting period in which they are earned and become measurable.

Expense Recognition

Expenses are recognized on the accrual basis; therefore, expenses, including salaries, are recognized in the period incurred, if measurable.

B. Budgetary Accounting

Formal budgetary accounting is employed as a management control. The District prepares and adopts a budget prior to July 1 of each year for its general fund in accordance with Louisiana Revised Statutes. The operating budget is prepared based on prior year's revenues and expenditures and the estimated increase therein for the current year, using the full accrual basis of accounting. The District amends its budget when projected revenues are expected to be less than budgeted revenues by five percent or more and/or projected expenditures are expected to be more than budgeted amounts by five percent or more. All budget appropriations lapse at year end.

STATE OF LOUISIANA
RED RIVER LEVEE AND DRAINAGE DISTRICT
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2007

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

B. Budgetary Accounting (Continued)

State appropriations made for the operations of the various programs of the Red River Levee and Drainage District are annual lapsing appropriations.

1. The budgetary process is an annual appropriation valid for one year.
2. The agency is prohibited by statute from over expending the categories established in the budget.
3. Budget revisions are granted by the Joint Legislative Budget Committee, a committee of the Louisiana Legislature. Interim emergency appropriations may be granted by the Interim Emergency Board.
4. The budgetary information included in the financial statements include the original appropriation plus subsequent amendments as follows:

Original Approved Budget	\$ 0
Amendments	<u> 0</u>
Final Approved Budget	<u><u>\$ 0</u></u>

C. Cash and Cash Equivalents

For the purpose of the Statement of Cash Flows and consistent with GASB Statement 9, the District defines cash and cash equivalents as follows:

Cash - includes not only currency on hand but also demand deposits with banks or other financial institutions and other kinds of accounts that have the general characteristics of demand deposits in that the customer may deposit additional funds at any time and also effectively may withdraw funds at any time without prior notice or penalty.

Cash equivalents - includes all short term, highly liquid investments that are readily convertible to known amounts of cash and are so near their maturity that they present insignificant risk of changes in value because of interest rates. Generally, only investments which, at the day of purchase, have a maturity date no longer than three months qualify under this definition.

D. Receivables

All receivables are reported at their gross value and, where applicable, are reduced by the estimated portion that is expected to be uncollectible.

E. Bad Debts

Uncollectible accounts receivable are recognized as bad debts through the establishment of an allowance account at the time information becomes available which would indicate the uncollectibility of the particular receivable. At June 30, 2007, \$0 were considered to be uncollectible.

STATE OF LOUISIANA
RED RIVER LEVEE AND DRAINAGE DISTRICT
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2007

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

F. Capital Assets

Capital assets are carried at historical costs. Depreciation of all exhaustible capital assets used by the District are charged as an expense against operations in the Statement of Activities. Capital assets net of accumulated depreciation are reported on the Statement of Net Assets. Depreciation is computed using the straight line method over the estimated useful life of the assets, generally 10 to 40 years for buildings and building improvements and 5 to 10 years for moveable property. Expenditures for maintenance, repairs and minor renewals are charged to earnings as incurred. Major expenditures for renewals and betterments are capitalized.

G. Compensated Absences

The Red River Levee and Drainage District has no full time employees; therefore, no liability for compensated absences has been recorded in the accompanying financial statements.

H. Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

NOTE 2 DEPOSITS WITH FINANCIAL INSTITUTIONS AND INVESTMENTS

A. Deposits with Financial Institutions

For reporting purposes, deposits with financial institutions including savings, demand deposits, time deposits, and certificates of deposit. Under state law the Red River Levee and Drainage District may deposit funds within a fiscal agent bank selected and designated by the Interim Emergency Board. Further the District may invest in time certificates of deposit of state banks organized under the laws of Louisiana, national banks having their principal office in the state of Louisiana, in savings accounts or shares of savings and loan associations and savings banks and in share accounts and share certificate accounts of federally or state chartered credit unions.

Deposits in bank accounts are stated at cost, which approximates market. Under state law, these deposits must be secured by federal deposit insurance or the pledge of securities owned by the fiscal agent bank. The market value of the pledged securities plus the federal deposit insurance must at all times equal the amount on deposit with the fiscal agent bank. These pledged securities are held in the name of the pledging fiscal agent bank in a holding or custodial bank in the form of safekeeping receipts held by the State Treasurer. The deposits at June 30, 2007 were secured as follows:

	<u>Cash</u>	<u>Certificates of Deposit</u>	<u>Total</u>
Deposits in bank accounts per balance sheet	\$ 62,876	\$ 0	\$ 62,876

STATE OF LOUISIANA
RED RIVER LEVEE AND DRAINAGE DISTRICT
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2007

NOTE 2 DEPOSITS WITH FINANCIAL INSTITUTIONS AND INVESTMENTS (CONTINUED)

A. Deposits with Financial Institutions (Continued)

	<u>Cash</u>	<u>Certificates of Deposit</u>	<u>Total</u>
Bank Balances (Category 3 Only, If Any)			
a. Uninsured and uncollateralized	\$ 0	\$ 0	\$ 0
b. Uninsured and uncollateralized with securities held by the pledging institution	0	0	0
c. Uninsured and uncollateralized with securities held by the pledging institution's trust department or agent but not in the entity's name	<u>0</u>	<u>0</u>	<u>0</u>
Total Category 3 Bank Balances	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>
Total Bank Balances (All Categories Including Category 3 Reported Above)	<u>\$ 61,832</u>	<u>\$ 0</u>	<u>\$ 61,832</u>

The following is a breakdown by banking institution and amount of the balances shown above:

<u>Banking Institution</u>	<u>Amount</u>
Bank of Coushatta	\$ 61,832
Total	<u>\$ 61,832</u>
Cash in State Treasury	<u>\$ 1,143</u>

B. Investments

At June 30, 2007, the Red River Levee and Drainage District had investments of \$0.

NOTE 3 ACCOUNTS RECEIVABLE

The following is a summary of accounts receivable at June 30, 2007:

<u>Class of Receivable</u>	
State Revenue Sharing	\$ 1,035
Total	<u>\$ 1,035</u>

STATE OF LOUISIANA
RED RIVER LEVEE AND DRAINAGE DISTRICT
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2007

NOTE 4 CAPITAL ASSETS

A summary of the Red River Levee and Drainage District's capital assets at June 30, 2007 follows:

	Balance July 1, 2006	Additions	Retirements	Balance June 30, 2007
Capital Assets, not being depreciated				
Land	\$ 0	\$ 0	\$ 0	\$ 0
Total Capital Assets, not being depreciated	0	0	0	0
Capital Assets, being depreciated				
Buildings and building improvements	0	0	0	0
Less accumulated depreciation	0	0	0	0
Total Buildings and building improvements	0	0	0	0
Automobiles and equipment	0	0	0	0
Less accumulated depreciation:	0	0	0	0
Total Automobiles and equipment	0	0	0	0
Total Capital Assets, being depreciated	0	0	0	0
Total Capital Assets, net	\$ 0	\$ 0	\$ 0	\$ 0

NOTE 5 ACCOUNTS PAYABLE AND ACCRUALS

The following is a summary of accounts payable at June 30, 2007:

<u>Class of Payable</u>	
Vendor	\$ 8,000
Salaries and benefits	389
Other	0
Total	<u>\$ 8,389</u>

NOTE 6 RETIREMENT SYSTEM

All employees of the Red River Levee and Drainage District are covered by the Social Security System. Employees contribute 6.2% of their total salary to the System, while the District contributes a like amount. For the year ended June 30, 2007, total contributions to the System were \$1,190 of which the District contributed \$595 and employees contributed \$595. Total payroll for the year ended June 30, 2007 was \$9,600 and total payroll covered by the System was \$9,600. Any future deficits in this System will be financed by the United States Government. The District has no further liability to the System for the ended June 30, 2007.

STATE OF LOUISIANA
RED RIVER LEVEE AND DRAINAGE DISTRICT
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2007

NOTE 7 LEASE OBLIGATIONS

The Red River Levee and Drainage District was not obligated under any capital or operating lease commitments at June 30, 2007.

NOTE 8 RISK MANAGEMENT

The Red River Levee and Drainage District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The District maintains commercial insurance coverage covering each of those risks of loss. Management believes such coverage is sufficient to preclude any significant uninsured losses to the District.

NOTE 9 LITIGATION

There was no outstanding litigation against the Red River Levee and Drainage District at June 30, 2007.

SUPPLEMENTARY INFORMATION

SCHEDULE 1

STATE OF LOUISIANA
RED RIVER LEVEE AND DRAINAGE DISTRICT
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES OF
GOVERNMENTAL FUNDS - BUDGET (GAAP BASIS) AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2007

	<u>Original/Final Budget</u>	<u>Actual</u>	<u>Variance Fav./(Unfav.)</u>
REVENUES			
Taxes	\$ 42,500	\$ 41,214	\$ (1,286)
State revenue sharing	2,500	2,807	307
Intergovernmental	0	8,674	8,674
Interest income	0	54	54
Miscellaneous	<u>0</u>	<u>0</u>	<u>0</u>
Total Revenues	45,000	52,749	7,749
EXPENDITURES			
General government			
Personal services	10,000	10,334	(334)
Travel	0	0	0
Operating services	22,500	39,820	(17,320)
Supplies	0	0	0
Professional services	4,500	4,040	460
Capital outlay	<u>0</u>	<u>0</u>	<u>0</u>
Total Expenditures	<u>37,000</u>	<u>54,194</u>	<u>(17,194)</u>
Excess/(Deficiency) Of Revenues Over Expenditures	8,000	(1,445)	(9,445)
Fund Balance, Beginning of year	<u>57,167</u>	<u>57,167</u>	<u>0</u>
Fund Balance, End of year	<u>\$ 65,167</u>	<u>\$ 55,722</u>	<u>\$ (9,445)</u>

SCHEDULE 2

STATE OF LOUISIANA
RED RIVER LEVEE AND DRAINAGE DISTRICT
SCHEDULE OF PER DIEM PAID TO BOARD MEMBERS
FOR THE YEAR ENDED JUNE 30, 2007

<u>Commissioners</u>	
Bob Alsup	\$ 1,050
Marlan Anderson	1,050
Robert Burleson	975
Milton Forrest	<u>1,125</u>
Total	<u>\$ 4,200</u>

The schedule of compensation paid board members was prepared in compliance with House Concurrent Resolution No. 54 of the 1979 Session of the Louisiana Legislature. Per diem payments are authorized by Louisiana Revised Statute 38:308 and are included in the personal services expenses. Board members are paid \$75 per day to a maximum of 36 days per year for board meetings and/or official business. The board president may receive compensation not to exceed \$1,000 per month in lieu of per diem.

SCHEDULE 3

STATE OF LOUISIANA
RED RIVER LEVEE AND DRAINAGE DISTRICT
SCHEDULE OF LONG-TERM DEBT
JUNE 30, 2007

None.

SCHEDULE 4

STATE OF LOUISIANA
RED RIVER LEVEE AND DRAINAGE DISTRICT
SCHEDULE OF LONG-TERM DEBT AMORTIZATION
JUNE 30, 2007

None.

SCHEDULE 5

STATE OF LOUISIANA
RED RIVER LEVEE AND DRAINAGE DISTRICT
SCHEDULE OF COOPERATIVE ENDEAVORS
JUNE 30, 2007

None.